



West Hants
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**WEST HANTS REGIONAL MUNICIPALITY
Audit Committee – Meeting Agenda
June 9, 2025, 6:00 p.m.
Council Chambers, 76 Morison Drive**

1. Call to Order
2. Declaration(s) of Conflict of Interest
3. Announcements
4. Presentation of Agenda, including additions or deletions
5. Presentation of Minutes
 - a.) December 5, 2024
 - b.) January 22, 2025
 - c.) February 5, 2025
6. Presentation
 - a.) WHRM Audit Plan, Fiscal Year 2024-2025 – Kent & Duffett
 - b.) Water Operational Audit - MNP
7. Director's Update
8. Correspondence
9. Public Comment
10. In Camera
 - a.) In Camera Minutes, January 22, 2025
 - b.) MGA (22) (2) (c) Personnel Matter
11. Date of Next Meeting
12. Adjournment



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**WEST HANTS REGIONAL MUNICIPALITY
Audit Committee – Meeting Agenda - **AMENDED**
December 5, 2024, 6:00 p.m.
Council Chambers, 76 Morison Drive, via Zoom & Livestreamed on YouTube**

1. Call to Order
2. Declaration(s) of Conflict of Interest
3. Announcements
4. Approval of Agenda, including additions or deletions
5. Approval of July 17, 2024 Minutes, including additions or deletions
6. Presentation
 - a.) Audited Financial Statements – Auditor Andy Forse, Kent & Duffett
7. New Business
 - a.) Financial Update to September 30, 2024 – Director Rochon
8. Director’s Update – Director Rochon
9. **Correspondence**
 - a.) **Correspondence Received from Rick Smith, August 29, 2024**
10. Public Participation Period
11. Date of Next Meeting – Late February / Early March 2025
12. Adjournment



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**WEST HANTS REGIONAL MUNICIPALITY
Audit Committee Meeting Minutes
December 5, 2024, 6:00 p.m.
Council Chambers, 76 Morison Drive, via Zoom & Livestreamed on YouTube**

Present :

Abraham Zebian	Mayor / Committee Chair
Rupert Jannasch	Councillor, District 1
Paul Wheadon	Councillor, District 4
Kathryn Duffy	Resident Member
Meagan Halverson	Resident Member
Carlee Rochon	Director of Financial Services
Mark Phillips	Chief Administrative Officer (CAO)
Carmen Dewar-Miller	Admin Assistant, Financial Services
Andy Forse	Auditor, Kent & Duffett

1. Call to Order – Mayor Zebian called the meeting to order at 6:02 p.m.
2. Introductions – Two new Council appointees were attending their first meeting
3. Declaration(s) of Conflict of Interest – No declarations
4. Announcements – No announcements
5. Approval of Agenda, including additions or deletion
**Moved by Councillors Jannasch and Wheadon that the agenda be approved.
Motion Carried.**
6. Approval of July 17, 2024 Minutes, including additions or deletions
**Moved by Resident Member Halverson and Councillor Wheadon that the July 17, 2024 minutes be approved.
Motion Carried.**
7. Presentation
 - a.) Audited Financial Statements – Auditor Andy Forse, Kent & Duffett
Auditor Forse provided an overview of the audit process and how it was performed this year.

The objective of an audit is to express an opinion. Are the financial statements as presented, fair in all material respects and in accordance with Canadian audit standards? Materiality is important and must be quantified. It is a qualitative, subjective concept about what level of precision or magnitude of error or omission would change someone's opinion. Auditors must comply with Canadian audit standards and public accounting standards.

The auditors look to understand internal controls to determine if they are designed effectively and operating as intended.

This year, the auditors' opinion is that the municipality's financial statements are presented fairly with no errors or omissions that would change anyone's opinion.

Historically, if the auditors discover a non-material error during the audit process, the errors get fixed. This is not a requirement, but as WHRM Management prefers to have the highest level of precision possible, all corrections are made.

Auditor Forse offered some audit highlights. Consolidated statements show an annual surplus of almost \$3.9 million. Other Revenue from Own Sources was \$3.4 million dollars (budgeted amount was approximately \$750,000), due to a grant received. Interest revenue was significantly higher due to increasing interest rates.

On the Expenditures side, West Hants shows a budgeted amortization of \$700,000 but an actual amortization of \$4.6 million. You are required to budget for the water utility amortization but not for the general capital fund. This is a discretionary item, technically not a cash flow budget item. There is a difference between UARB and Public Sector accounting standards.

On the balance sheet side, the auditor was happy to report capital asset additions this year of \$9.85 million, a healthy, vibrant number for reinvestment in the community. Debt ratios are all very strong.

There was new debt added in the amount of \$4.8 million. We added \$9.85 million in capital assets. These are really healthy numbers and debt levels are quite low relative to what we have for capital assets.

The municipality is showing \$96 million cost of net book value of capital assets and long-term debt of \$16 million. This is a pretty low number based on annual revenues and capital assets.

Deferred Revenue looks a little higher than normal by about \$3 – \$3.5 million. There is Gas Tax deferred revenue of almost \$6.3 million and deferred assistance received in the Windsor Water capital fund of approximately \$3 million.

The cash balance is up to almost \$4 million. A good liquid position to have.

On the water funds as a whole, the rate of return was 2.09% on the financials. As the consolidation process continues, he expects that to change, in the range 2%-5%.

Overall, a strong year. FIR indicators should be quite strong (green). Reserve positions are healthy and strong.

There are now four years of actuals. Financial statements can be accessed on the municipal website. WHRM's Audit Committee is public and financial information is posted. WHRM remains strong in communicating through regular reports.

Resident Member Duffy joined the meeting via Zoom.

The cost escalation method was used when addressing year two of the new asset retirement obligations on the statements. Getting this audit evidence currently involves an inquiry with management and staff, coupled with observation and some testing. The auditors felt that the obligation recorded was more than sufficient to cover future obligations.

Every year the auditors do a management letter. In evaluating the internal controls, West Hants continues to have a very thorough and robust set of processes and procedures in place.

There were two minor issues to bring to the committee's attention:

- This year there were slightly more than the standard number of corrections throughout the audit process. Management prepared required corrections as needed, rather than rely on audit assistance. This shows improvement from previous years.
- As previously discussed at the last Audit Committee meeting, during their interim work in February the auditors discovered a couple of cheques that were not double signed. Additional testing was performed but no other instances were found.

The auditors are recommending to Management that staff take a period of time before the start of the annual audit process to review and finalize the working papers that will be presented to the auditors. Most corrections were related to human error, not a deficiency in controls.

Auditor Forse reviewed the function of an Audit Committee, including best practices, and offered to follow up on these points with an email to committee members if that was something they wanted.

Auditor Forse checks for both a policies and procedures manual and code of ethics. Policies of all nature are looked at with a focus on the financial impact of policies.

Identifying risks should be part of the committee's mandate. The audit process is about risk management and assessment. Recommendations would be made to Council based on risks identified.

Auditor Forse thanked Management for their tremendous cooperation with the audit process. Director Rochon put forth a recommended motion related to the financial statements and Mayor Zebian asked for a motion.

**Moved by Councillors Jannasch and Wheadon that Council approve the West Hants Regional Municipality's Audited Consolidated Financial Statements ending March 31, 2024, as presented to the Audit Committee.
Motion Carried.**

8. New Business

a.) Financial Update to September 30, 2024 – Director Rochon

Director Rochon reviewed this monthly Council report with the committee. At the halfway point of the fiscal year 2024-25, there is a projected surplus of \$373,965. Revenues are projecting 0.1% lower and Expenditures are projecting 1.3% lower.

The water operational audit RFP is scheduled to close next week; however, with no submissions received, the deadline will be extended until after the holidays. The RFP was posted on November 12. Director Rochon would like to schedule an Audit Committee meeting January 22 or 23 to review the RFP results. This would allow the committee to have a recommendation ready for the January Council meeting.

Corrections arising from 2022-23 have been made in the 2023-24 statements, just approved.

Auditor Forse noted that ideally the auditors are done for September 30 each year. He made three observations as to why this year's audit is later than usual:

- Staff were not quite as prepared early in the process.
- Due to the Municipal election, there were no meetings held in October.
- The Auditors were booked with large projects for October and November.

Director Rochon added that two months of prep is required before the auditors can start in July. This year's audit prep was affected by the water utility consolidation and UARB hearing, as well as another flooding event in the municipality.

Auditor Forse stated that if staff were to take the recommended two weeks to ensure things are in order, the audit timeline could be reduced by four weeks.

There was a request for an explanation as to why the two adjustments mentioned earlier were put into 2023-24 instead of restated into 2022-23.

Director Rochon replied that as those adjustments were not material, they would not have impacted a reasonable person's opinion of the statements.

Auditor Forse added that on the consolidated statements, administration fees get eliminated. They were low magnitude would not have changed the financial results.

9. Director's Update – Director Rochon

Director Rochon advised that Council has been discussing a buy-out program. This will have financial impacts and require discussion by this committee once clear direction is given.

The operational audit could start in February. Director Rochon hopes to have a decision on an auditor in January with presentation of the results in late spring.

There have been ongoing water consolidation and finance related inquiries. The UARB approved water utility consolidation. Director Rochon has attached a copy of the UARB Executive Summary (sect. 3, paragraph 28-47), where the credit was addressed. She has discussed the credit with our auditors, Council and citizen members. Based on analysis, there is no error and we were following the Rules and Regulations of the utility at the time.

Auditor Forse cited the example that if you realize today that you should have billed someone two years ago for something they did two years ago and then went ahead and billed them for that thing, you will not go back and record it in a prior period or restate your financial statements from two years ago. Two reasons:

1. It would not be proper accounting standards.
2. Going back and changing prior periods would be one of the more common ways to conceal fraud.

As an auditor, he sternly advise that you absolutely cannot go back and change a prior period for something you did not bill back then. If you are going to bill it now and collect

it, great. If you are not going to collect it and exchange money between utilities, do not record it.

Per Director Rochon, we use our professional judgement and the Rules and Regulations as our guide. This was a pre-consolidation account, billed from the former Windsor Water Utility to the West Hants Water Utility.

The comment was made that regarding the water utility audit; there was an assumption that the audit would explain and clarify all of the outstanding questions. Was that a reasonable assumption or was the importance of the audit overstated?

Director Rochon advised that it was the wish of Council to proceed with the audit. Cost versus benefit was discussed. The cost of the audit will be more than the original \$10,000 - \$15,000 estimate. In addition to being reviewed by the UARB, Department of Municipal Affairs and Housing, the credit adjustment and leakage were both discussed at the UARB hearing.

There was a request to hear Auditor Forse's thoughts on the proposed audit.

Per Auditor Forse, operational audits are typically a good thing. He cannot offer an opinion on the cost/benefit as he does not know the cost. He does see benefit to an operational audit as WHRM has gone through a consolidation and a tremendous amount of transition and change with the water utilities over the last five years.

Director Rochon feels there is potential for improvements, the audit will include a look at management controls and staffing complements.

Director Rochon addressed the cheque-signing process as mentioned in the management letter. Two additional procedures have been implemented in the AP process to help eliminate the issue from reoccurring. Last year we averaged 3,377 cheques and 1015 EFTs.

10. **Correspondence**

a.) **Correspondence Received from Rick Smith, August 29, 2024**

This correspondence was included as part of the meeting package. As Mr. Smith was in attendance for the meeting, Mayor Zebian combined this section with the public participation section of the meeting (item 11).

11. **Public Participation Period (7:36 p.m.), including Correspondence (item 10)**

Mr. Rick Smith, a resident of Windsor, spoke on the financial results of the two water utilities as presented in the March 31, 2023 financial statements. Mr. Smith shared two handouts with committee members.

Mr. Smith has been following WHRM's financials since the Audit Committee meeting held on October 16, 2023. During that meeting the auditors advised that the Windsor Water Utility lost \$425,000 compared to a budgeted profit of about \$118,000. West Hants Water Utility had a profit of \$340,000 compared to a projected budget loss of around \$188,000. Mr. Smith believes that there must have been some misallocation of revenue or expenses because the change in these two utilities was over \$500,000 apiece, which represents about 25% of the total budget and would not be considered normal. He felt that the Director of Finance and Auditors should have been able to identify these issues.

Mr. Smith noted that there have been many questions raised since that October 2023 Audit meeting and presented a timeline of his actions. He alleged that there have been several material misstatements by the Director of Finance, including reference to the Windsor Water Utility deficit in 2023, including balloon payments, credits in the system and catastrophic equipment losses, which had minimal impact on the 2023 deficit.

Mr. Smith provided the following list of unresolved issues that he believe affect the March 31, 2023 financial statements.

In the Audit Committee meeting held on December 22, 2023 the auditor said that any type of misstatement could be material if it changes one's opinion. Mr. Smith stated that his opinion and the opinion of councillors have been changed since the statements were approved back in October, 2023.

Mr. Smith maintained that he is talking about material misstatements that were missed and have not been recorded. Mr. Smith disagrees with the auditor on not going back and correcting the prior fiscal year.

Mr. Smith believes there is a huge stream of revenue missing. Which he believes is well beyond the level of misstatement for the entire West Hants audit. There is a requirement to list unresolved items and a requirement to treat these as prior period adjustments.

Mr. Smith noted that the UARB does not have an issue with or interest in Windsor back billing West Hants. It is about getting the numbers on the books correctly.

Mr. Smith added that the Audit Committee has a responsibility to take ownership of these statements, referencing the Municipalities Act, Section 44.

Director Rochon responded that the credit has been reviewed by the auditors, the financial mentor brought in while she was away, and the UARB as part of their utility review undertakings and related public package. The UARB's comments are referenced in the executive summary of their findings (included in the report she submitted).

Staff are presenting monthly consumption reports to Council. Public Works are doing weekly reads on those meters. Earlier this year all of the meters were tested and results

came back that all were accurately reporting. Over the summer a water loss audit was completed, with recommendations made.

The former Council approved hiring a Certified Engineering Technologist (CET) with a water leakage aspect to their position. With intermunicipal billing ceased as of October 1, 2024, staff will be meeting to determine how we report variances going forward.

Director Rochon feels that the operational audit could point out some areas of benefit. It will complement the water loss audit.

Leak detection has been part of the capital budget for a number of years. With old infrastructure, we are never going to be 100% free of leakage. There is an acceptable percentage. We are putting more of a focus on it as development increases.

Auditor Forse reiterated that it is not acceptable to go back and change numbers in prior periods. It would cause him to have a big audit finding. This does not mean it doesn't matter internally, but from a financial statement audit, those numbers are eliminated.

12. Date of Next Meeting – January, 2025, to review Operational Audit RFP submissions and make a potential recommendation to council.
13. Adjournment – Mayor Zebian called for a motion to adjourn the meeting. Moved by Resident Member Halverson and Councillor Jannasch that the meeting be adjourned.
Motion Carried.

The meeting was adjourned at 8:05 p.m.

X

Committee Chair



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**WEST HANTS REGIONAL MUNICIPALITY
Audit Committee – Meeting Agenda - **AMENDED**
January 22, 2025, 6:00 p.m.
Council Chambers, 76 Morison Drive**

1. Call to Order
2. Declaration(s) of Conflict of Interest
3. Announcements
4. Approval of Agenda, including additions or deletions
5. **Public Participation (moved ahead of In Camera)**
6. In Camera
 - a.) MGA 22(e) Contract Negotiations
7. Correspondence
8. Date of Next Meeting – Mid-February 2025
9. Adjournment



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WEST HANTS REGIONAL MUNICIPALITY
Audit Committee Meeting Minutes
January 22, 2025, 6:00 p.m.
Council Chambers, 76 Morison Drive

Present : Rupert Jannasch Councillor, District 1
Paul Wheadon Councillor, District 4
Meagan Halverson Resident Member
Carlee Rochon Director of Financial Services
Mark Phillips Chief Administrative Officer (CAO)
Carmen Dewar-Miller Admin Assistant, Financial Services

1. Call to Order – As Mayor Zebian sent his regrets, Councillor Wheadon called the meeting to order at 6:00 p.m.

Councillor Wheadon acknowledged that we are gathering today in Mi'kma'ki, the ancestral and unceded territory of the Mi'kmaq people and we are all treaty people. He acknowledged that people of African descent have been in Nova Scotia for over 400 years and we honour and offer gratitude to those ancestors of African descent who came before us to this land.

2. Declaration(s) of Conflict of Interest – There were no conflicts declared
3. Announcements – There were no announcements.
4. Approval of Agenda, including additions or deletions
There was a friendly amendment to the agenda, to move public participation ahead of the in camera agenda item. It was noted that there were no members of the public present in Council Chambers for this meeting.
Moved by Councillor Jannasch and Resident Member Halverson that the amended meeting agenda be approved.
5. Public Participation – there were no members of the public present
6. In Camera
 - a.) MGA 22(e) Contract Negotiations

Moved by Resident Member Halverson and Councillor Jannasch that the meeting move in camera.

Motion Carried.

At 6:05 p.m., the meeting moved in camera.

As there were no motions arising from the in camera portion of the meeting, this concluded the livestream of the public portion of the meeting.

At 6:29 p.m., the meeting moved out of in camera.

7. Correspondence – there was no correspondence

8. Date of Next Meeting – Mid-February 2025

9. Adjournment

Moved by Councillor Jannasch and Resident Member Halverson that the meeting be adjourned.

Motion Carried.

The meeting was adjourned at 6:30 p.m.

X

Meeting Chair



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**WEST HANTS REGIONAL MUNICIPALITY
Audit Committee – Meeting Agenda - **AMENDED**
February 19, 2025, 6:00 p.m.
Council Chambers, 76 Morison Drive**

1. Call to Order
2. Declaration(s) of Conflict of Interest
3. Approval of Agenda, including additions or deletions
4. Announcements
5. New Business
 - a.) Recommendation Report – Water Operational Audit
- 6. Director's Update**
7. Presentation
 - a.) Policy and Internal Controls – Diana Gibson, Manager of Accounting and Financial Reporting
8. Correspondence
9. Public Participation
10. Date of Next Meeting – May 2025
11. Adjournment



West Hants

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**WEST HANTS REGIONAL MUNICIPALITY
Audit Committee – Meeting Minutes
February 19, 2025, 6:00 p.m.
Council Chambers, 76 Morison Drive**

Present :

Abraham Zebian	Mayor
Rupert Jannasch	Councillor, District 1
Paul Wheadon	Councillor, District 4
Meagan Halverson	Resident Member
Carlee Rochon	Director of Financial Services
Mark Phillips	Chief Administrative Officer (CAO)
Diana Gibson	Manager of Accounting and Financial Reporting
Carmen Dewar-Miller	Admin Assistant, Financial Services

1. Call to Order – Mayor Zebian called the meeting to order at 6:05 p.m.
2. Declaration(s) of Conflict of Interest – No conflicts
3. Approval of Agenda, including additions or deletions
**It was moved by Councillors Jannasch and Wheadon that the agenda be approved.
Motion Carried**
4. Announcements – Mayor Zebian acknowledged we are in Mi'kma'ki, the ancestral and unceded territory of the Mi'kmaq People and this land is governed by the treaties of Peace and Friendship signed in 1726. West Hants Regional Municipality also recognizes that we are all treaty people and have responsibilities to this land and each other. West Hants Regional Municipality also recognizes African Nova Scotians are a distinct people whose history, legacies, and contributions have enriched that part of Mi'kma'ki known as Nova Scotia for over 400 years.
5. New Business
 - a.) Recommendation Report – Water Operational Audit
Director Rochon presented this report, which recommends to the Audit Committee that the 2022-23 Water Operational Audit RFP be awarded to MNP, in the amount of \$80,950 or \$73,710 (plus applicable taxes).

This RFP was posted on November 12, 2024. The submission deadline, originally scheduled for December 12, 2024, was extended to January 8, 2025. At closing, one proposal, from MNP, was received. After a subsequent meeting with MNP to discuss testing and the utilization of municipal staff resources, the municipality requested updated methodology and quote information (with and without the staff resource requirement).

Next steps were discussed, which would involve the committee recommending to Council to move forward, Council approval of the RFP award, and reaching out to arrange a kick-off meeting with MNP.

Regarding the additional audit work required, there was a great collaborative discussion with MNP. Additional work included the inclusion of the Public Works part of the reading process and additional staff interviews. Addressed were areas where we would require testing and some level of assurance, or acknowledgement of accuracy and consistency. Capacity, areas of development and futureproofing, supported by existing documentation will be additional areas of focus.

Regarding timeline, MNP will aim for early spring and as long as we're not pushing them, they can get it done by our deadline. The audit will probably take a couple of months, with budget, year-end reporting for the province and our fiscal year-end audit taking priority for staff.

It was noted that Council is looking for a financial component as part of this audit.

Director Rochon replied that the RFP did highlight internal process and controls which include the meter reading process, customer billing process, water customer account adjustments as well as general ledger account adjustments. She reminded the committee that during a regular audit the auditors set a threshold, they don't review every transaction.

There is focus on answering Council's questions concerning the credit, the general ledger adjustments (accruals and voids), the meter reading process and compliance with the UARB handbook and Rules and Regulations.

Director Rochon noted that this RFP is not a budgeted item, it is a utility item. Within the upcoming 2025-26 budget, it will be part of the operating expense line under auditing.

**Moved by Councillors Jannasch and Wheadon that the Audit Committee recommends that Council approves the award of Request for Proposal WHRMFS24-01 – 2022-23 Water Operational Audit to MNP for (\$80,950 or \$73,710) plus applicable taxes.
Motion Carried.**

6. Director's Update (AMENDED to the agenda at the meeting)

Director Rochon wanted to advise the committee that we have been notified by our financial system provider that they are life-cycling out our current financial system. The last payroll update will occur in 2029 and the last security update will be in 2031. We have to be out of this product by the 2029 deadline so that we can continue to process payroll. Financial Services and IT staff have started looking at other products and are working on a timeline to present to Council as part of the upcoming budget.

7. Presentation

a.) Policy and Internal Controls – Diana Gibson, Manager of Accounting and Financial Reporting

Manager Gibson began with the municipal policies that affect the Financial Services Department (financial statements, decision-making). The policies have been broken into three categories, which Manager Gibson reviewed with the committee:

- Policies Impacting Decisions and Procedures
 - Expense Policy
 - Hospitality Policy
 - Investment Policy
 - Procurement Policy
 - Reserve Policy (this policy may be updated in the near future)
- Policies Impacting Revenue
 - General Services
 - Accounts Receivable Policy
 - Acceptance of Donations Policy
 - Fees Policy
 - Water
 - Utility Assistance Rebate Policy
 - Taxes
 - Residential Tax Assistance Policy
 - Tax Collection Policy
 - Tax Exemption Policy
 - Areas Rates
 - Area Rates Policy
 - Other
 - Disposal Surplus Read Property
 - Disposal of Surplus Goods and Material Policy
- Policies Impacting Expenses
 - Acquisition of Real Property Policy
 - Council Remuneration Policy
 - Grants and Contributions Policy
 - Property Assessed Clean Energy (PACE) Policy
 - Regional High School Bursary Policy
 - Home Flood Protection Pilot Program Policy

With no questions regarding the policies, Manager Gibson moved on to financial processes and information. She reviewed the following:

- Financial Services' organizational chart
- Accounting process
- Banking
- Policy development
- Auditing requirement
- Procurement (signing authority, process)
- Purchase order approval
- Invoice payment

There was a general question as to where or how Artificial Intelligence (AI) might affect all of these policies and procedures and how we manage them?

Director Rochon responded that before the municipality would consider implementing AI, there would be a risk analysis performed, and policy created to govern its use. She has taken a few courses related to the risk analysis aspect. Information shared with AI platforms becomes their property. There are AI platforms that are more closed loop. AI is coming, but not before a policy is established.

It was noted that it would be wise to start having a conversation at the Council table as to how the municipality approaches and manages AI.

8. Correspondence – No correspondence
9. Public Participation – No public participation
10. Date of Next Meeting – tentative for May 2025
11. Adjournment – Mayor Zebian called for a motion to adjourn
**It was moved by Councillors Jannasch and Wheadon that the meeting be adjourned.
Motion Carried.**

The meeting was adjourned at 6:50 p.m.

X

Committee Chair